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C O N F I D E N T I A L SECTION 01 OF 02 ASUNCION 000556

SIPDIS

STATE PLEASE PASS TO USAID

E.O. 12958: DECL: 04/25/2015

TAGS: PREL SNAR US PA

SUBJECT: DUARTE FORETELLS CABRAL'S OUSTER, SEEKS CLOSER COOPERATION

REF: A. ASUNCION 531

1B. ASUNCION 499 AND PREVIOUS

Classified By: Ambassador John F. Keane for reasons 1.4 (b) and (d)

¶11. (C) Summary: Duarte invited me to see him early on April

¶12. His purpose was to assure me that controversial police commissioner Aristides Cabral would be taken out of the picture, although it had not been easy because of Cabral's powerful backers. Cabral would be indicted soon, or he would retire. (Later that day, Cabral announced his retirement.) This led to a soliloquy about the tentacles of corruption which pervade Paraguayan society and the need for perseverance as well as patience. He touched on his relations with the South American neighborhood, particularly Brazil. I told him that the local Venezuelan Ambassador's remarks implying U.S. involvement in the attack on the Paraguayan Ambassador in Caracas were ridiculous and stupid. Other topics included counterdrug cooperation and Paraguayan security concerns. Senior Duarte advisor Carlos Walde was present. End Summary.

CABRAL TO LEAVE

¶12. (C) President Duarte's aide called me at 6:30 a.m. on April 22 asking me to come see Duarte at 8:30 that morning. Duarte got right to the point. Maintaining "governability" in Paraguay, he said, is a difficult balancing act. "I don't run things any way I want here" he went on; "there are many powerful players. I cannot divide my party (Colorados), my block in the Senate. I would not be able to govern. I have to bring along my allies (Senator) Galaverna and the President of the (Colorado) Party (Senator Herminio Caceres). Without a united block we will lose governability. This Cabral ... it takes time, perseverance, patience."

¶13. (C) He said he had requested Attorney General LaTorre sometime ago to build a case to indict Cabral so that he would have unchallenged grounds to withdraw his promotion, and he did not know why it had not happened. I told Duarte of my conversation with LaTorre (ref A), and explained that with a little effort investigating the disappearance of 500,000 dollars in 2001 they should be able to build a good case.

¶14. (C) The President said that even if LaTorre delays, the problem should go away because Cabral told him he is going to request retirement. (I suspect Duarte instructed him to do so.) One way or another, Duarte assured me, Cabral will not become Police Commander and will not be promoted. I replied that I welcome that news because Cabral is a "big stone in the road impeding closer bilateral cooperation."

¶15. (U) Later that day, Cabral announced that he was requesting retirement "due to personal reasons." The press speculated that he knew he could not be promoted and he might be indicted again if he did not remove himself.

TILTING AT CORRUPTION WINDMILLS

¶16. (C) Duarte then requested my forebearance with an explanation of his discouragement. For twenty minutes or more he went on about how corruption was deliberately nurtured by the dictatorship (pre-1989) and subsequent governments; it was the "business model," and leaders of all powerful sectors benefitted handsomely: political leaders of all parties, GOP bureaucrats, the private sector. They are resisting reform, and it takes time to chip away at it, to strengthen institutional capacity to prevent, detect and attack it. He gave many familiar examples (state enterprises, ministries, the public health and pension system, etc.), but new to me was his complaint that Brazil will not cooperate with Paraguay in trying to bring transparency to the Itaipu Binational Entity which manages the billion dollar hydroelectric facilities of the same name. He claimed to be so disheartened that he is not interested in re-election. (Comment: He was not convincing and his supporters are gearing up for this without any signs Duarte

disagrees with the effort.)

THE NEIGHBORHOOD'S LEFTWARD SLOPE
AND VENEZUELA'S LACK OF CREDIBILITY

17. (C) What followed was a quick review of how the "neighborhood" has become more unfriendly toward the U.S. He mentioned that Vazquez (Uruguay), Lula (Brazil), Kirchner (Argentina) and Chavez (Venezuela) are exerting pressure on the other South Americans to tilt "leftward," but asserted that he has a different outlook vis-a-vis the U.S. and wants closer cooperation, particularly on the counterdrug, anti-organized crime, security and anti-corruption efforts. He said he strongly disagreed with Chavez.

18. (C) The Venezuelan Ambassador in Asuncion, I noted, recently made outrageous allegations implying that the U.S. was behind the April 8 attack on the Paraguayan Ambassador in Caracas. I told him the remarks were ridiculous and stupid. Duarte replied that no one believes what the Venezuelans say and he knows the charge was absurd.

DEEPENING COOPERATION

19. (C) Duarte returned to the topic of enhancing U.S.-Paraguayan cooperation and requested helicopters, fuel for the air force, and trucks for the police and military. I replied that U.S. assistance is continuing and that we were turning over to Paraguay that very morning 6 vehicles for the counterdrug secretariat (SENAD). Moreover, we had provided fuel for many operations. I noted that we were awaiting a reply on our request for a capability to detect and monitor airborne trafficking. Walde said he was aware of a U.S. program to provide excess defense articles. I replied that significant provision of U.S. equipment was not possible due to budget and other constraints. Moreover, I added, lack of an Article 98 agreement, negotiation of which has entailed three years of effort without results, precludes the possibility of excess defense articles. Duarte offered no reaction. With respect to cooperation on public safety and against trans-national organized crime and terrorism, I noted that we are prepared to be supportive and suggested that a visit by Vice President Castiglioni to Washington to explore ideas might be useful. Duarte concurred. We agreed to meet again soon to discuss other topics.

MENDING FENCES

110. (C) Comment: Duarte was obviously eager to let me know that the Cabral issue was near resolution, and to explain why it was so difficult. I do not doubt that, but remain troubled by the implication that drug traffickers' allies have gained so much power in Congress, the courts and the Public Ministry. Duarte's stress on the need to retain the undivided support of his party block in Congress (which hold only 40% of seats in the Senate) is well placed; all of his predecessors as President during the democratic era lost that support and with it the ability to govern at first and, ultimately were overwhelmed by political instability. Cabral's departure removes a significant impediment to closer cooperation, but the whole episode is a reminder that progress against corruption will require constant vigilance and at times relentless pressure. We will need to take account of this as we work with the GOP in the formulation of its MCC Threshold program implementation plan including quantifiable measures of results. A case in point is the Public Ministry, whose flaws are a major factor in the impunity which is so pervasive.

KEANE